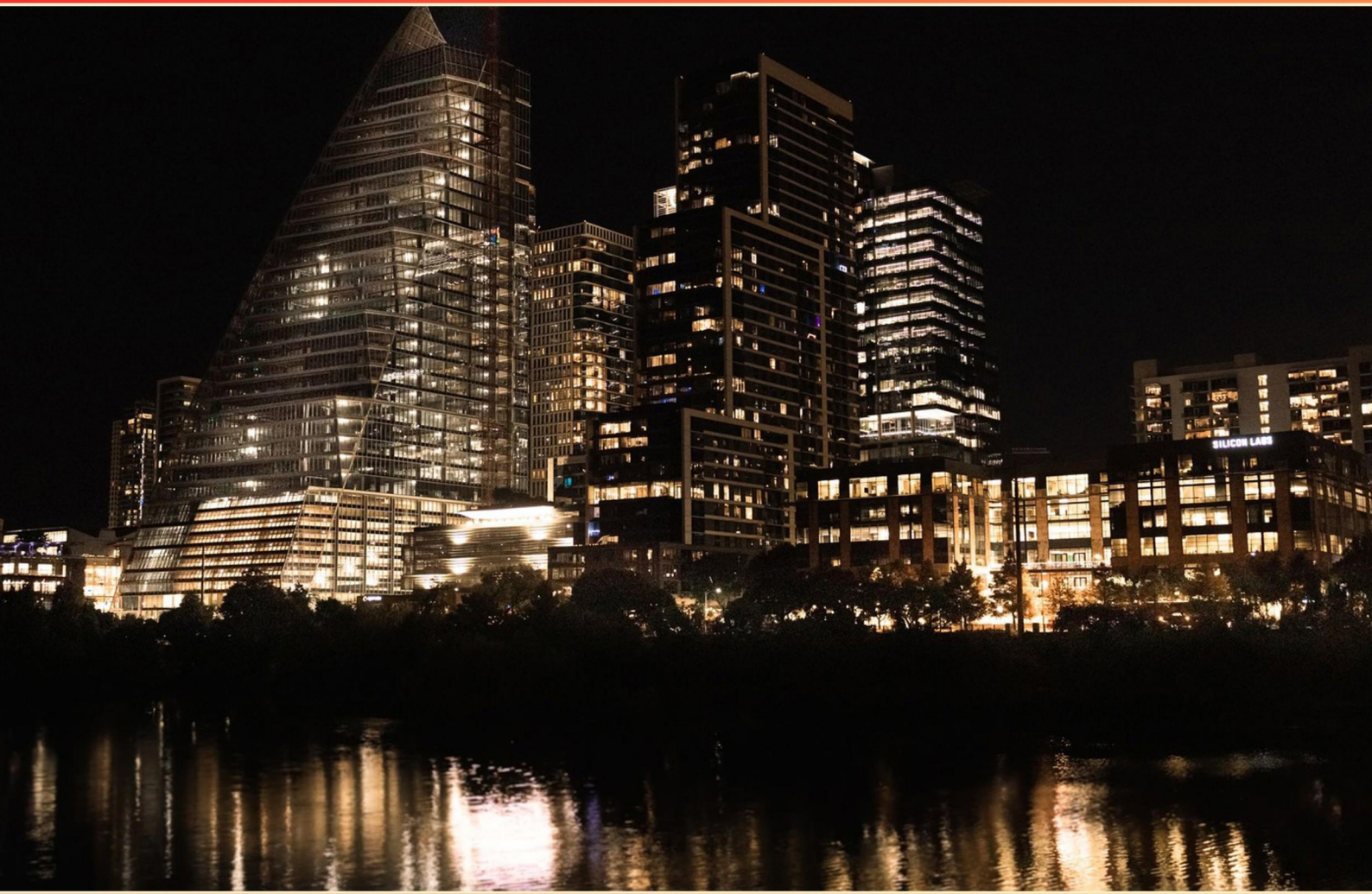


TEXAS REAL ESTATE COMMISSION (TREC) STATE PRACTICE EXAM (SAMPLE)

STUDY GUIDE



SAMPLE STUDY GUIDE WITH LIMITED QUESTIONS

VISIT US ONLINE FOR
THE FULL VERSION STUDY GUIDE

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Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

How to Use This Guide

This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:

1. Start with a Diagnostic Review

Skim through the questions to get a sense of what you know and what you need to focus on. Your goal is to identify knowledge gaps early.

2. Study in Short, Focused Sessions

Break your study time into manageable blocks (e.g. 30 – 45 minutes). Review a handful of questions, reflect on the explanations.

3. Learn from the Explanations

After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.

4. Track Your Progress

Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.

5. Simulate the Real Exam

Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.

6. Repeat and Review

Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning. Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.

There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly, adapt the tips above to fit your pace and learning style. You've got this!

Questions

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- 1. What information must a seller provide in the disclosure?**
 - A. Only details about major repairs
 - B. All known issues affecting the property
 - C. Only if requested by the buyer
 - D. Only if the property has defects
- 2. Which of the following is NOT one of the 5 Canons of Professional Ethics?**
 - A. Fidelity
 - B. Integrity
 - C. Transparency
 - D. Competency
- 3. How many days does the title company have to provide title commitment after they receive a sales contract?**
 - A. 15 Days
 - B. 20 Days
 - C. 25 Days
 - D. 30 Days
- 4. What is the required down payment for a 30-year loan under the TVLB loan program?**
 - A. A. 3%
 - B. B. 5%
 - C. C. 10%
 - D. D. 15%
- 5. Under which circumstance can a buyer terminate a contract?**
 - A. When they change their mind
 - B. When required repairs exceed 5% of the price
 - C. When they do not like the neighborhood
 - D. When they find a better offer

- 6. How much can Texas veterans borrow to purchase unimproved property through the TVLB program?**
- A. A. \$100,000
 - B. B. \$150,000
 - C. C. \$200,000
 - D. D. \$250,000
- 7. What consequence may a licensee face if TREC pays an amount from the Recovery Trust Account?**
- A. The license may be suspended or revoked
 - B. The license will be automatically renewed
 - C. The license will be upgraded
 - D. The license will be extended for free
- 8. What happens when a property exceeds 200 acres?**
- A. The land cannot be designated as a homestead
 - B. The owners can select which land is classified as homestead
 - C. The entire property is considered community property
 - D. All property is deemed separate property
- 9. Which of the following is NOT a foreclosable lien on a Texas homestead?**
- A. Homeowner Association fees
 - B. Property Taxes
 - C. Mortgage
 - D. Vehicle Loans
- 10. What can a non-resident broker earn in Texas?**
- A. Only listing fees
 - B. A salary from a Texas firm
 - C. Referral commissions
 - D. Commission from direct transactions

Answers

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1. B
2. C
3. B
4. B
5. B
6. B
7. A
8. B
9. D
10. C

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Explanations

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1. What information must a seller provide in the disclosure?

- A. Only details about major repairs
- B. All known issues affecting the property**
- C. Only if requested by the buyer
- D. Only if the property has defects

The requirement for sellers to provide information in the disclosure is grounded in the principle of transparency in real estate transactions. A seller is obligated to disclose all known issues affecting the property, which encompasses a wide range of potential problems, including but not limited to structural issues, plumbing or electrical failures, mold, pest infestations, and any other significant concerns that could impact the property's value or safety. This comprehensive approach to disclosure ensures that buyers can make informed decisions and are aware of any potential risks or circumstances that may affect their enjoyment of the property or lead to additional costs in the future. The TREC emphasizes the importance of full disclosure to maintain ethical standards and protect both parties in real estate transactions. Limiting the disclosure to only major repairs or requesting information only if prompted by the buyer would not provide the level of protection necessary for a fair transaction. Similarly, disclosing only defects present in the property could omit critical information that may not necessarily be a defect but still significantly impacts its value and livability. Thus, the requirement for sellers to provide all known issues is crucial in promoting ethical practices and safeguarding buyer interests.

2. Which of the following is NOT one of the 5 Canons of Professional Ethics?

- A. Fidelity
- B. Integrity
- C. Transparency**
- D. Competency

The 5 Canons of Professional Ethics, as defined by the Texas Real Estate Commission (TREC), serve as guiding principles that govern the conduct of licensees in real estate transactions. The correct answer is C, Transparency, because it is not listed among the five primary canons. The five canons include Fidelity, which emphasizes loyalty and faithfulness to clients; Integrity, advocating for honesty and moral uprightness; and Competency, which focuses on maintaining a high level of knowledge and skill in the field. While transparency is important in real estate and promotes open communication, it does not form part of the foundational canons that licensees are expected to adhere to. Understanding these canons is crucial for ethical practice in the real estate profession.

3. How many days does the title company have to provide title commitment after they receive a sales contract?

- A. 15 Days
- B. 20 Days**
- C. 25 Days
- D. 30 Days

The correct timeframe for a title company to provide a title commitment after receiving a sales contract is indeed 20 days. This requirement is established to ensure that all parties involved in a real estate transaction are provided with timely and essential information regarding the title of the property in question. Providing the title commitment within this 20-day period is crucial for facilitating further steps in the real estate transaction, such as securing financing and completing necessary inspections. This regulation is in place to promote transparency and protect the interests of both buyers and sellers by ensuring they have access to vital information about any liens, encumbrances, or other issues related to the property's title. By adhering to this timeframe, the title company assists in maintaining a smooth transaction process and helps prevent potential legal complications that could arise from unclear title issues.

4. What is the required down payment for a 30-year loan under the TVLB loan program?

- A. A. 3%
- B. B. 5%**
- C. C. 10%
- D. D. 15%

The Texas Veterans Land Board (TVLB) loan program is specifically designed to assist veterans in purchasing homes or land. One of the key features of this program is the down payment requirement, which for a 30-year loan is set at 5%. This percentage is crucial as it makes homeownership more accessible to veterans by reducing the upfront financial burden necessary to acquire a property. By promoting a lower down payment, the TVLB encourages veteran participation in the housing market, ensuring they can benefit from favorable loan terms and lower interest rates while still maintaining a level of equity in their homes. This aligns with the program's goal to support veterans and their families in achieving stability through homeownership. In the context of the other options, while higher down payment amounts can be common in various loan programs, the specific requirement established under the TVLB is distinct with its 5% threshold. This approach reflects the program's commitment to affordability for veterans.

5. Under which circumstance can a buyer terminate a contract?

- A. When they change their mind
- B. When required repairs exceed 5% of the price**
- C. When they do not like the neighborhood
- D. When they find a better offer

The ability for a buyer to terminate a contract is influenced by specific conditions outlined in the agreement, particularly those related to property inspections and repairs. In the case of required repairs exceeding a certain threshold percentage of the contract price, many purchase agreements include clauses that allow the buyer to back out if the costs of repairs are deemed excessive. In Texas, if the contract states that repairs must not exceed a certain percentage—commonly 5%—the buyer is within their rights to terminate the contract if repair estimates surpass this limit. This safeguard is intended to protect buyers from unexpectedly high costs that could affect the affordability and desirability of the home they wish to purchase. The other scenarios presented—changing one's mind, disliking the neighborhood, or discovering a better offer—do not typically provide legal grounds for termination under standard contracts. Such reasons are subjective and do not usually align with the conditions set forth in real estate contracts, which are designed to be more objective and legally enforceable. Therefore, the correct option, focusing on a specific and quantifiable condition related to repair costs, is the best answer in this context.

6. How much can Texas veterans borrow to purchase unimproved property through the TVLB program?

- A. A. \$100,000
- B. B. \$150,000**
- C. C. \$200,000
- D. D. \$250,000

The Texas Veterans Land Board (TVLB) program allows Texas veterans to borrow funds specifically for the purpose of purchasing unimproved property. The loan limit for this type of property is established at \$150,000. This amount reflects the program's intention to assist veterans in acquiring land for personal use, such as building a home, and it provides an accessible means of obtaining financing without the burden of a down payment. This loan limit is an important aspect of the TVLB program, as it helps veterans gain access to necessary financial resources while ensuring the program remains sustainable and available to a larger number of veterans. Understanding these specifics is crucial for anyone involved in helping veterans navigate real estate options through this program.

7. What consequence may a licensee face if TREC pays an amount from the Recovery Trust Account?

- A. The license may be suspended or revoked**
- B. The license will be automatically renewed
- C. The license will be upgraded
- D. The license will be extended for free

When TREC pays an amount from the Recovery Trust Account, it is usually in response to a claim against a licensee, indicating that the licensee has caused monetary damages to a party. In such cases, the licensee is held responsible for the actions that necessitated the use of the Recovery Trust Account. As a consequence, TREC may suspend or revoke the license of that individual to ensure accountability and protect the public from potential future harm. This serves as a disciplinary measure meant to uphold the integrity of the real estate profession and maintains the standards set by TREC. The other options do not apply in this context. Automatic renewal or upgrades of a license would not be relevant in a situation where a licensee has caused harm that requires a payout from the trust account. Additionally, extending a license for free does not align with the regulatory framework's intent to penalize misconduct. Thus, the only appropriate consequence for a licensee involved in such a scenario is suspension or revocation of their license.

8. What happens when a property exceeds 200 acres?

- A. The land cannot be designated as a homestead
- B. The owners can select which land is classified as homestead**
- C. The entire property is considered community property
- D. All property is deemed separate property

When a property exceeds 200 acres in Texas, the owners have the option to select which portions of the land can be classified as homestead. This is significant because, under Texas law, there are specific protections and benefits associated with homestead designation, such as protection from creditors and certain tax benefits. In cases where a property is larger than 200 acres, it is not automatically disqualified from homestead protections; rather, the owners have the flexibility to choose which part of the land they consider their homestead. This allows them to manage their property according to their needs, potentially designating a smaller area for their primary residence while maintaining ownership and rights over the remainder of the land. Understanding this aspect of homestead law is important for property owners in Texas, particularly in making informed decisions regarding their large tracts of land and the legal benefits available to them.

9. Which of the following is NOT a foreclosable lien on a Texas homestead?

- A. Homeowner Association fees
- B. Property Taxes
- C. Mortgage
- D. Vehicle Loans**

In Texas, a homestead is protected from certain types of liens, specifically those referred to as foreclosable liens. These generally include obligations that can lead to the seizure or forced sale of the homestead property to satisfy debt. Homeowner Association fees, property taxes, and mortgages are all examples of foreclosable liens. Homeowner Association fees can lead to foreclosure because the association has a legal claim against the property for unpaid dues. Property taxes are a priority lien, and if unpaid, can result in foreclosure by the taxing authority. Similarly, a mortgage is a loan secured by the property itself, and if the homeowner fails to make payments, the lender can initiate foreclosure proceedings. In contrast, a vehicle loan is not directly associated with the homestead property itself. While failing to repay a vehicle loan can lead to repossession of the vehicle, it does not provide any lien against the homestead property. Therefore, a vehicle loan is not a foreclosable lien on a Texas homestead, making it the correct answer in this context. This distinction helps clarify the specific protections offered to homeowners under Texas homestead laws.

10. What can a non-resident broker earn in Texas?

- A. Only listing fees
- B. A salary from a Texas firm
- C. Referral commissions**
- D. Commission from direct transactions

A non-resident broker can earn referral commissions in Texas as long as they comply with applicable laws and regulations. Referral commissions refer to fees paid by a broker for referring business to another broker. This is significant because non-resident brokers are typically not licensed to conduct real estate transactions directly in Texas, but they can still participate in the Texas real estate market by referring clients to licensed Texas brokers. This arrangement allows them to earn income while adhering to the legal requirements of the state. In contrast, non-resident brokers cannot earn listing fees or commissions from direct transactions within Texas without first obtaining a Texas real estate license. They also cannot receive a salary from a Texas firm unless they are properly licensed, as salaries imply employment that involves active participation in real estate transactions, which is restricted to licensed individuals within the state.

Next Steps

Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.

As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.

If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at hello@examzify.com.

Or visit your dedicated course page for more study tools and resources:

<https://trecstate.examzify.com>

We wish you the very best on your exam journey. You've got this!

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